

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Joint Application of Southern California Edison Company (U338E) and San Diego Gas & Electric Company (U902E) For Cost Recovery of The Wheeler North Reef Expansion Project Marine Mitigation Costs.

Application 16-12-002
(Filed December 1, 2016)

**PROTEST OF
THE OFFICE OF RATEPAYER ADVOCATES TO THE JOINT APPLICATION
OF SOUTHERN CALIFORNIA EDISON COMPANY AND SAN DIEGO GAS &
ELECTRIC COMPANY FOR COST RECOVERY OF THE WHEELER NORTH
REEF EXPANSION PROJECT MARINE MITIGATION COSTS**

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I. INTRODUCTION

In accordance with Rule 2.6(a)¹ of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the Office of Ratepayer Advocates (ORA) hereby submits its protest to the joint application of Southern California Edison Company (SCE) and San Diego Gas & Electric Company (SDG&E) (jointly, the Applicants) in the above-captioned proceeding. The Applicants seek Commission approval for cost recovery of \$33 million for the Wheeler North Reef Expansion Project and approval of ratemaking mechanisms related to the project.

II. BACKGROUND

The Wheeler North Reef (WNR) is an artificial kelp reef that SCE was ordered to construct as part of an ongoing mitigation strategy to address any adverse impacts imposed on the marine environment by the San Onofre Nuclear Generating Stations (SONGS) 2&3. This artificial kelp reef is one of many marine mitigation projects SCE is required to undertake pursuant to the California Coastal Commission's (CCC) coastal development permit (CDP) for SONGS 2&3. Since 1991, the CDP has undergone multiple phases, the latest phase being the completed construction of the WNR artificial reef in September 2008. SCE explains that even though SONGS 2&3 are now being decommissioned, SCE is still obligated to meet the CCC's CDP requirements for WNR and continue these performance standards and goals through the full operating life of SONGS 2&3 which includes "past and future years of operation ... including the decommissioning period"²

In Decision (D.) 15-11-021 on SCE's 2015 general rate case (GRC), the Commission determined that costs related to marine mitigation projects required by the CCC were cost of service charges that should be paid for by customers.³ D.15-11-021

¹ Rule 2.6(a) provides that a protest to an application must be filed within 30 days of the date the notice of the filing of the application first appears in the Commission's Daily Calendar. Notice of the filing of Application 16-12-002 first appeared in the Daily Calendar on December 12, 2016. ORA's protest is timely filed.

² Application, pp. 4-5.

³ D.15-11-021, p. 288.

required SCE and SDG&E to submit a separate application—not related to their GRC application—to seek cost recovery for any additional reef construction.⁴ Following this decision, in September 2016, SCE was ordered by the CCC to expand the WNR in an effort to improve the reef’s performance. SCE is now seeking Commission approval to recover costs from ratepayers associated with this phase of the WNR Expansion Project which is for the time period January 1, 2018 – December 31, 2020. SCE states that the current plan for the expansion project will require 288,750 tons of rock and is forecasted to cost \$33 million in 2016 dollars. Both SCE and SDG&E have proposed submitting an advice letter each year to determine the WNR Expansion Project revenue requirements to be included in rates the following year.⁵

III. ISSUES TO BE CONSIDERED

Upon initial review of the application and accompanying testimony, ORA has identified the following issues to be considered. The list is non-exhaustive as ORA has just begun its evaluation. ORA reserves the right to identify other issues that require further discovery and analyses as the proceeding develops.

With regards to SCE’s proposal, ORA identifies the following issues:

WNR Expansion Project Costs

- Whether the projected cost of \$33 million (2016\$) for building materials that includes procurement, transportation, and installation expenses, is a reasonable estimate;

SCE’s Ratemaking Proposal

- Whether SCE’s ratemaking request, recovery of costs, and the method it proposes to include WNR Expansion Project revenue requirements in its distribution sub-account of its Base Revenue Requirement Balancing Account (BRRBA) each year through 2020 is reasonable;

⁴ D.15-11-021, Finding of Fact 369 and Ordering Paragraph 15..

⁵ Application, pp. 10, 12.

SCE's Cost Recovery Proposal

- Whether it is reasonable for SCE's forecast of annual costs to include an estimated WNR Expansion Project revenue requirement annually in distribution rates from January 1, 2018 through December 31, 2020.
- Whether an alternative method should be considered such as using actual costs or applying a cap to the SCE forecast for recovery in rates.

With regards to SDG&E's proposal, ORA identifies the following issues:

SDG&E's Motion to Amend its MMMA

- Whether amending SDG&E's Marine Mitigation Memorandum Account (MMMA) from January 1, 2017 forward by creating a WNR Expansion Project sub-account is a reasonable method for tracking expenses associated with SDG&E's 20% share of project costs;

SDG&E's Cost Recovery Request

- Whether SDG&E's request to recover the revenue requirement associated with the WNR Expansion Project through its Non-Fuel Generation Balancing Account (NGBA) and update the Commission each November through an advice letter filing with WNR Expansion Project projected expenses is reasonable.

IV. CATEGORIZATION OF PROCEEDING

ORA agrees that this proceeding should be categorized as ratesetting.

V. PROCEDURAL ISSUES

ORA is currently reviewing SCE's and SDG&E's application and testimony and will conduct discovery as necessary. As a party to this proceeding, ORA anticipates preparing a report on the WNR Expansion Project that will consist of ORA's independent review, analysis and evaluation of the Applicants' proposals. The Applicants' proposed schedule includes a prehearing conference (PHC) in January 2017, intervenor testimony due on March 1, 2017 and a proposed decision by August 2017. Given that the PHC has not yet been scheduled, ORA requests that the schedule for intervenor testimony be set

for June 2, 2017 to allow intervenors adequate time to conduct discovery, develop proposals and prepare testimony. ORA's proposed schedule is as follows:

Event	SCE Proposed	ORA Proposed
Prehearing Conference	January 2017	February 2017
Intervenor Testimony	March 1, 2017	June 2, 2017
Rebuttal Testimony	April 1, 2017	June 30, 2017
Evidentiary Hearings (if necessary)	May 1 – 2, 2017	July 19 - 20, 2017
Opening Briefs	June 1, 2017	August 11, 2017
Reply Briefs	July 1, 2017	August 25, 2017
Proposed Decision	August 2017	November 2017

VI. CONCLUSION

ORA respectfully requests the following:

1. That this proceeding be categorized as ratesetting;
2. That the Commission include and consider the issues ORA has identified as within the scope of this proceeding.

Respectfully submitted,

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